

APR 30 2001

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
VICTORIA DIVISION

Michael N. Milby, Clerk of Court

IN RE: § JOINTLY ADMINISTERED UNDER  
SENTRY OPERATING COMPANY OF TEXAS, INC. § CASE NO. 01-60129-V2-11  
§

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SENTRY OPERATING CO.	§	CASE NO. 01-60130-V2-11
AMEY FUNERAL HOME, INC.	§	CASE NO. 01-60131-V2-11
SENTRY OPERATING WEST, INC.	§	CASE NO. 01-60132-V2-11
SENTRY GROUP SERVICES, INC.	§	CASE NO. 01-60133-V2-11
FUNERAL SERVICE MANAGEMENT, INC.	§	CASE NO. 01-60134-V2-11
SENTRY OPERATING COMPANY OF NEW MEXICO, INC.	§	CASE NO. 01-60135-V2-11
SENTRY SERVICES AGENCY, INC. NEW MEXICO	§	CASE NO. 01-60136-V2-11
CREMATION SOCIETY OF OKLAHOMA, INC.	§	CASE NO. 01-60137-V2-11
SENTRY OPERATING COMPANY OF COLORADO, INC.	§	CASE NO. 01-60138-V2-11
SENTRY SERVICES AGENCY, INC.-DEL	§	CASE NO. 01-60139-V2-11
SENTRY OPERATING COMPANY OF KANSAS, INC.,	§	CASE NO. 01-60140-V2-11
	§	
DEBTORS	§	

**AGREED ORDER AUTHORIZING  
USE OF CASH COLLATERAL**

The Debtors, Sentry Operating Company of Texas, Inc., Sentry Group Services, Inc., Sentry Operating Co., Sentry Operating West, Inc., Sentry Operating Company of Colorado, Inc, Sentry Operating Company of Kansas, Inc., Sentry Operating Company of New Mexico, Inc Sentry Services Agency, Inc.-Del, Sentry Services Agency, Inc. - New Mexico, Cremation Society of Oklahoma, Inc., Funeral Service Management, Inc., Amey Funeral Home, Inc. (collectively the "Sentry" or "Debtors"), Jointly Administered under Case No. 01-60129-V2-11, have moved this Court for an order authorizing an the use cash collateral in the operation of its business. Pursuant to certain security agreements, SCI Loan Services, LLC. f/k/a Provident Services, Inc. (the "Senior

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Secured Lender”) holds security interests in this cash collateral. The Court set a hearing on this motion for April 18, 2001 at 9:30 a.m., at which counsel for Sentry and the Senior Secured Lender appeared and announced their agreement for the use of cash collateral. The Court entered an order authorizing Debtors’ use of cash collateral through April 30, 2001. The Court further ordered that Debtors and the Senior Secured Lender file an agreement for additional use of cash collateral to cover the period from May 1, 2001 through May 7, 2001, the date of the final hearing on cash collateral usage. A true and correct copy of this order is attached hereto as Exhibit “A”. The following represents the terms and conditions of the agreement between the parties for the additional use cash collateral:

1. Debtors’ are indebted to the Senior Secured Lender in the amount of approximately \$34 million as of the petition date (the “Debt”) pursuant to Loan Agreements, Notes, Security Agreements, Deeds of Trust Pledge Agreements, Voting Trust Agreements, Irrevocable Guaranty Agreements and other loan documents (collectively "Loan Documents"). The Debt is secured by a first lien on all of Debtors assets, except vehicles. All of the Notes are fully cross-collateralized and cross-defaulted: the collateral provided by each entity secures all the indebtedness of Debtors to the Senior Secured Lender under the Loan Documents and default under any Note or the Loan Agreement is default under all Notes and the Loan. Any other Debt secured by this collateral is subordinated to the interests of the Senior Secured Lender.

2. Sentry stipulates that the debts to the Senior Secured Lender constitute valid and binding obligations without offset, recoupment, counterclaim, deduction, defense or claim of any kind.



3. Sentry stipulates that all liens and security interests granted to the Senior Secured Lender are properly perfected, valid, continuing, fully enforceable, unavoidable and indefeasible in this bankruptcy case or otherwise.

4. Sentry stipulates that based on its security interest, the Senior Secured Lender holds interests in "cash collateral" as that term is defined in 11 U.S.C. § 363.

5. The stipulations set forth in paragraphs 1-4 above, are not intended to bind any parties other than the Debtors and the Senior Secured Lender in these Chapter 11 cases.

6. Sentry must be permitted to use cash collateral to continue operating its business.

7. Sentry is authorized to use cash collateral in accordance with the budget attached as Exhibit "B" to pay the expenses listed on each line item plus any applicable U.S. Trustee fees through May 7, 2001. Sentry and the Senior Secured Lender acknowledge that the estimates set forth with respect to each line item may vary significantly. Therefore, Sentry and the Senior Secured Lender agree that, except with respect to officer salaries, Sentry is authorized to spend cash collateral in excess of the amount shown on any particular line item so long as the amount of all expenses does not exceed the total expenses as shown on Exhibit "B".

8. As adequate protection for the use of cash collateral, the Senior Secured Lender is granted replacement liens on all assets, except vehicles, acquired after the bankruptcy filing to the same extent, validity, and priority as existed prior to bankruptcy, and to the extent of cash collateral used. The replacement liens granted to the Senior Secured Lender are valid, enforceable, and fully perfected, and no filing or recordation or other act in accordance with any applicable local, state, or federal law, rule or regulations is necessary to create or perfect such liens. Notwithstanding, Sentry

is hereby authorized and directed, upon the request of the Senior Secured Lender to execute and deliver to it such financing statements, security agreements, or other instruments as the Senior Secured Lender may request to evidence, confirm, validate or perfect the replacement liens granted herein. If the Senior Secured Lender in its sole discretion, chooses to file financing statements and otherwise confirm perfection of such security interests and liens, all such financing statements or similar instruments shall be deemed to have been filed or recorded at the time and on the date of entry of this Order.

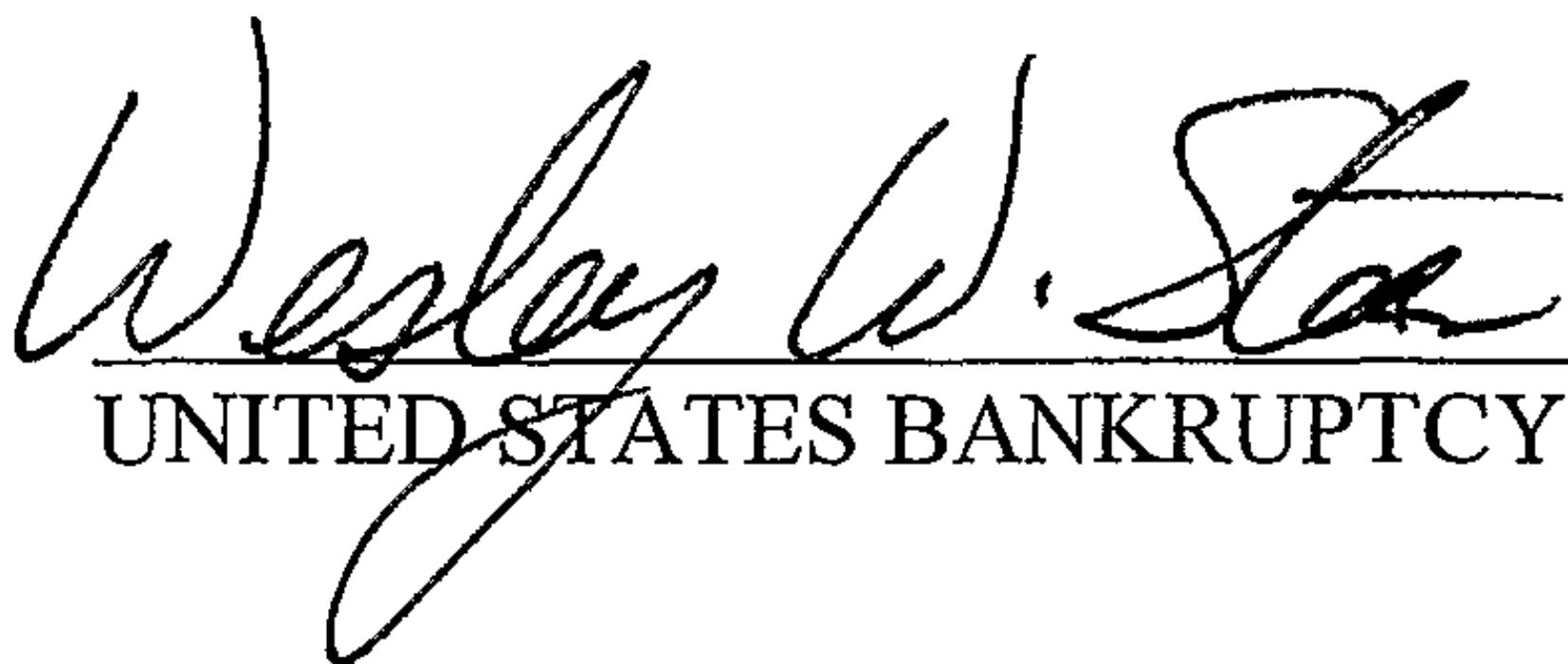
9. As additional adequate protection, Sentry shall keep the Collateral insured and shall name the Senior Secured Lender as loss payees on the insurance policy.

The Court has carefully considered the agreement of the parties and is of the opinion that it should be approved. Therefore, it is

ORDERED that Sentry is hereby authorized to use cash collateral to pay expenses shown on the budget attached as Exhibit "B" for the period from May 1, 2001 through May 7, 2001 , subject to the terms and conditions set forth above; it is further

ORDERED that Sentry shall notice applicable parties of the entry of this Order.

SIGNED this 27th day of April, 2001.

  
UNITED STATES BANKRUPTCY JUDGE



AGREED AS TO FORM AND SUBSTANCE:

WEYCER, KAPLAN, PULASKI & ZUBER, P.C.

By: 

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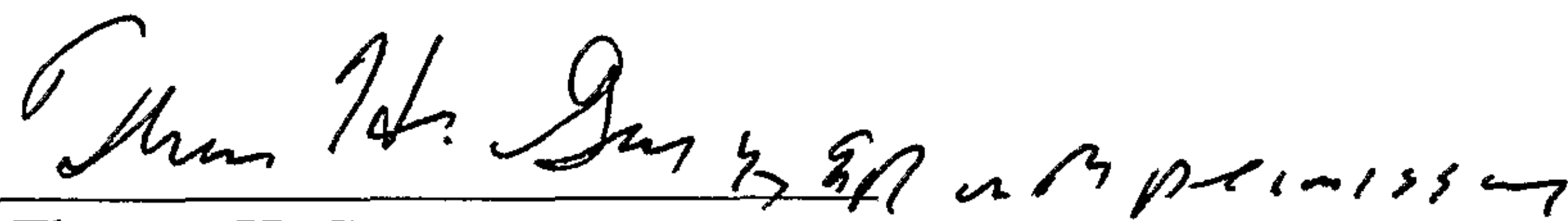
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ATTORNEYS FOR SENIOR SECURED LENDER

**SENTRY GROUP SERVICES**  
**"Cash Collateral" Schedule**  
**Estimated Cash Requirements**

<u>By Type of Expense</u>	<u>4/13-30</u>	<u>5/1-7</u>	<u>Combined</u>
Cost of Goods Sold (C):			
Caskets	\$ 141,300	\$ 54,950	\$ 196,250
Vaults	53,100	20,650	73,750
Removal & Embalming	25,900	10,072	35,972
Other	55,300	21,506	76,806
Out of Pocket Reimbursibles (Flowers, Minister Fees, etc.) (C)	126,800	49,311	176,111
Payroll (B)	174,000	-	174,000
Facility Costs (C):			
Utilities	18,500	7,194	25,694
Repairs & Maintenance	12,300	4,783	17,083
Other Operating (C):			
Employee Benefits	14,400	5,600	20,000
Advertising	20,700	8,050	28,750
Insurance	9,200	3,578	12,778
Communications	13,100	5,094	18,194
Auto Expense	8,100	3,150	11,250
Office Supplies	6,500	2,528	9,028
Other	87,700	34,106	121,806
Other G&A (C):			
Professional Fees	15,000	5,833	20,833
Rent	3,700	1,439	5,139
Other	20,900	8,128	29,028
	<u>\$ 806,500</u>	<u>\$ 245,972</u>	<u>\$ 1,052,472</u>

(A) Based on running rate from January 1 through April 12, 2001

(B) Biweekly payrolls have been between 171,000 and 174,000 for 2001

(C) Based on recent costs per day

(D) Includes payments by bank drafts and checks

(E) Does not reflect seller or SCI note payments due, non-compete payments, or future expenses related to the current filing

**EXHIBIT**

B